



U. S. Army Community and Family Support Center (USACFSC)

NAF Employee Benefits Update

For

Human Resources Offices

August 2006





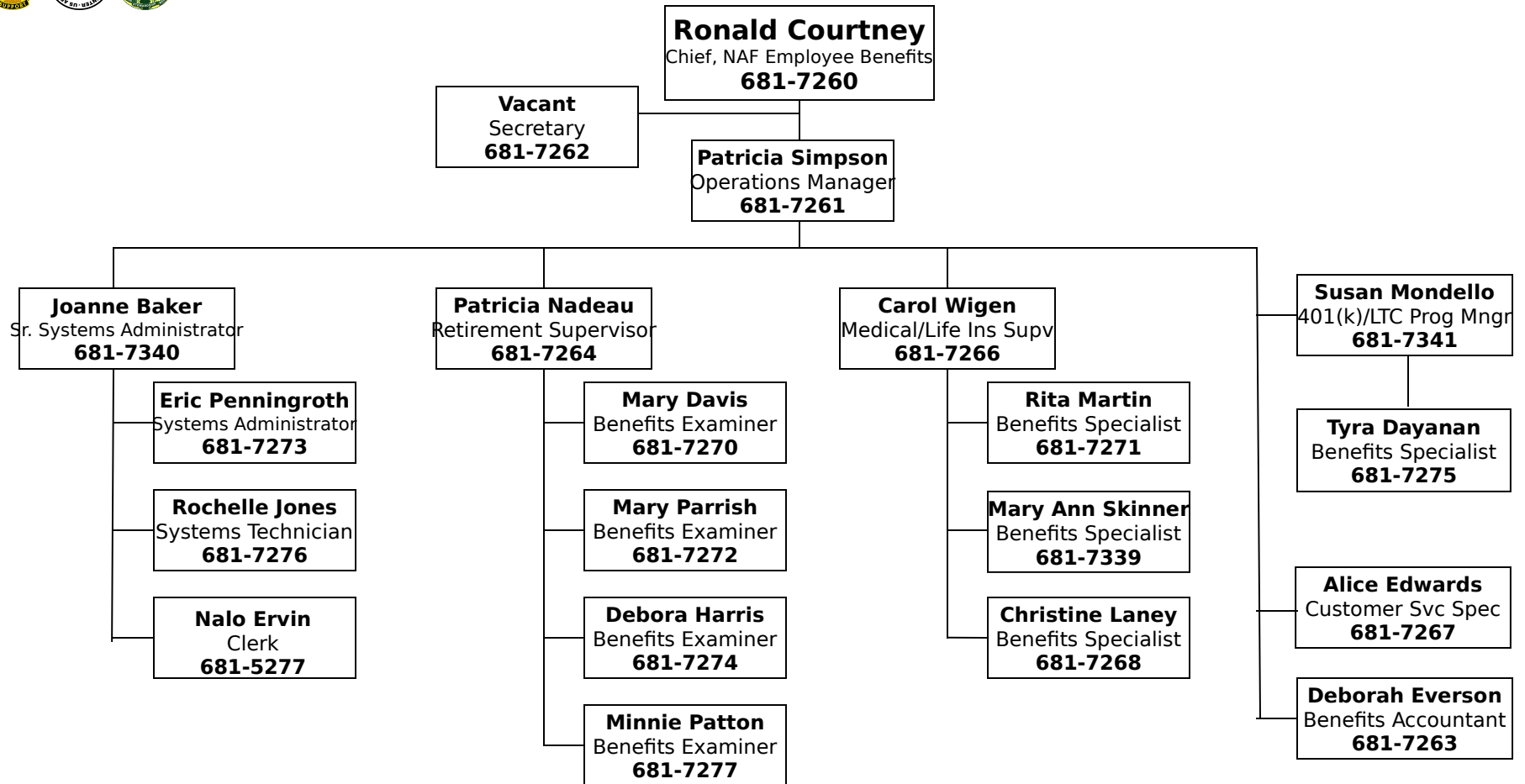
Army NAF Employee Benefits Presentation Outline

- **Who We Are & What We're all About**
- **Current Plan Issues & Initiatives**
 - ☐ **Retirement Plan**
 - ☐ **401(k) Savings Plan**
 - ☐ **Long Term Care Plan**
 - ☐ **Life Insurance Plan**
 - ☐ **Health Benefit Plan**
- **Automation Initiatives**
- **Benefits On-Line**
- **Customer Service Initiatives**



NAF Employee Benefits

Office Who We Are





Army NAF Employee Benefits

Our Goal

- **Develop and Implement Improved Employee Benefit Programs that**
 - ☐ **Enhance the Well-Being of the NAF Workforce**
 - ☐ **Provide more Options for Employees**
 - ☐ **Keep Benefit Costs Under Control for both Employees and Employers**
 - ☐ **Keep Pace with and Compare Favorably with Industry Trends & Initiatives**
- **Army NAF Employees have the best benefits program of any service or government system.**
- **We intend to stay ahead of the them.**



Army NAF Employee Benefits

Our Basic Principles

- **We are in the Business of Providing Benefits Programs for our Customers.**
 - ❑ **We must take care of our customers and the people who take care of them**
- **We Must Carefully Manage and Protect Program Funds**
 - ❑ **We must focus constant attention on internal controls & fund valuations**



Army NAF Employee Benefits



- **Five Biggest Myths Concerning NAF Employee Benefit Programs**
 1. NAF Retirement Plan isn't Worth It
 2. If you don't stay until retirement, you lose your money
 3. FERS is better than the NAF Retirement Plan
 4. TSP is better than NAF 401(k) Plan
 5. FEHBP is better and cheaper than DODHBP
- **We are going to put those myths to rest**



NAF Employee Retirement Plan

➤ Recent Events

- ☐ We continue our efforts to verify and correct creditable service in the data base.
- ☐ Valuation of the trust indicates it is solid at 102% of liability.
- ☐ Increase in employer contribution to 6.5% in FY04 to insure Trust remains strong.
- ☐ Mandatory participation of new hires increases strength of Trust and protects employees from losing creditable service
- ☐ Completed audit of PRM current liability to ensure funds are transferred from PRM to Med/Life accounts.
- ☐ Completed audit of PRL current liability to determine effect on Group Life rates.
- ☐ Selected new actuary contractor - Chieron



NAF Employee Retirement Plan

➤ Current Issues

❑ Post Retirement Medical Benefit

- Employers Contribute 2.8% of Salary Expense to Pre-Fund the Liability - Will Continue
- PRM Fund Pays Current Premiums (70%) for Retirees and Builds Assets to Pay Future Costs
- Long term liability continues to increase.

❑ Issue of disparity between APF and NAF eligibility requirement (5 vs 15 years) cannot be resolved at this point.



NAF Employee Retirement Plan

Current Issues

- ❑ **Portability continues to be our greatest challenge.**
 - **P.L. 107-107 will help solve some of the problems with erroneous portability elections.**
 - **Problems Continue to Plague Portability Implementation**
 - **Erroneous or no information provided to employees on their portability options**
 - **Errors in processing and coding**
 - **DFAS errors on contributions & failure to start contributions timely**
 - **Our Portability Project Office is making progress**
 - **Auditing old cases**
 - **Ensuring new portees are processed correctly**
 - **Established more streamlined calculation and collection of contribution arrears**
 - **Providing training to APF and NAF HRO staff**
 - **Developing Information Guide for employees**



PORTABILITY OF BENEFITS

- **If you have a portability action, you need to talk to Larry Cochran**
 - ❑ Larry.cochran@cfsc.army.mil
 - ❑ (407) 824-1026
 - ❑ P.O. Box 107, Arlington, VA 22210-0107
- **Or Patty Simpson**
 - ❑ Patricia.Simpson@cfsc.army.mil
 - ❑ (703) 681-7262
 - ❑ P.O. Box 107, Arlington, VA 22210-0107
- **Please attend the Portability training session on Thursday morning, presented by Patty Simpson.**



NAF Employee 401(k) Savings Plan

➤ Recent Events

- ☐ EGTRRA legislation implemented
- ☐ Catch-up contributions in place and working
- ☐ Expanded loan program working well, but
 - Increase in employees who use their 401(k) as a line of credit.
- ☐ Fidelity Service Enhancement working well
- ☐ Nearly all service requests with Fidelity are done on PSW
- ☐ Employee investment in 401(k) increasing approximately \$10M annually. (\$170M)
- ☐ Joint Benefits/Fidelity Retirement Seminars presented at various locations receiving favorable response



NAF Employee 401(k) Savings Plan

➤ Current Issues

- ☐ Delay in starting repayment of loans results in automatic default, just prior to loan payoff
- ☐ Transfers sometimes cause loan repayments to stop
- ☐ Restarting contributions after six months suspension after taking a hardship withdrawal
 - Fidelity system will generate notification to employee that suspension period has been satisfied.
 - Employee will be instructed to take the letter to HRO to restart their contributions
 - Contact EBB if there is any question
- ☐ Reactivation of accounts when a former employee is rehired
 - Currently, system will not handle this.
 - Must be done manually.
 - Interim solution: Notify this office that employee will reactivate their 401(k).



NAF Employee 401(k) Savings Plan

➤ Current Initiatives

- ❑ **New individual service initiative being undertaken by Fidelity - FIRST PERSON**
 - Goal is to engage every employee directly
- ❑ **Postcard campaign**
 - Nov - Sweep roles for employees with no deferral
 - New hires will automatically get a welcome letter
 - January Postcards
 - Employees with less than minimum to receive employer match will receive a notice
 - Employees who have not allocated their investments will get a reminder
 - May - Employees will get an annual checkup
- ❑ **E-Mail Campaign & Web Workshops**
 - Fidelity will collect email addresses and generate E-statements and communicate directly with Plan participants, providing investment information, etc.



NAF Employee 401(k) Savings Plan

☐ FINANCIAL ENGINES

- Implemented January 2002
- Financial Planning/Investment Advice Service
- Free for 401(k) Fund Active Participant
- Access thru NAF Web Site



☐ Utilization is 4.2% after nearly two years

☐ Initiatives to increase usage

- Personal statements mailed to participants
- Site visits to select installations
- Jump page on web site
- Managed accounts (pending Fidelity approval)



Long Term Care Insurance Plan

➤ Recent Events

- ☐ Plan implementation September thru December 2002
- ☐ Promotional campaign included direct mail, web site, flyers, articles, LES notice, etc.
- ☐ Bulk shipped enrollment kits to HROs
- ☐ Presentations at 75 installations
- ☐ Attendance varied, but those who attended received the program well
- ☐ Enrollment was nearly 5% of eligibles
- ☐ Some initial startup problems, now resolved
 - First payroll export
 - APO addresses



Long Term Care Insurance Plan

➤ Future Initiatives

- ☐ Enrollment is open to all eligibles at any time with minimal evidence of insurability
- ☐ Administrative instructions and new employee flyer provided to HROs
- ☐ Enrollment kits are available from CNA if your stock is depleted.
- ☐ Second chance open enrollment will be scheduled for next summer
 - Primarily promotional campaign
 - Only selected site visits
- ☐ Timing was right. LTC is evolving due to understated liability. There are no more guaranteed issue policies being written.



Group Life Insurance Plan

➤ Recent Events

☐ Plan Changes for 2002

- **Elimination of War Exclusion Clause - Coverage Continues for Reservists Called to Active Duty**
- **Also Protects NAF Employees Who are Deployed**
- **Acts of Terrorism not an Exclusion**
- **Eliminated Dual Coverage Restriction on Spouses and Dependents**

☐ Death claims leveled off in 2003 after three years of increases

☐ No premium increase in 2003

☐ Free Coverage for Retirees Created Additional Liability

☐ New Plan booklets published and distributed this past year.



Group Life Insurance Plan

➤ Current issues

- ☐ **Monitoring Post Retirement Life liability**
- ☐ **NAF Retiree Life Insurance is the only free program among employers**
- ☐ **Plan Changes for 2004**
 - **Elimination of waiver of premium for disabled retirees in favor of equal benefit for all types of retirees.**
 - **Open season on life insurance will be every two years to coincide with Health Plan open seasons**
 - **Optional insurance over \$100,000 will require evidence of insurability at all times (vice \$250,000)**
 - **No premium increase again in 2004**



Health Benefit Plans

Recent Events

NEW

☐ New Policy on Payment of Premiums During LWOP

- Payroll System Defaults to Employer Pay All
- Employer May Require Employee to make Payments
- Employer May Require Employee to Repay
- Employer May Request Cancellation Due to Non-Payment of Premiums - Requires EBB Approval

NEW

☐ Converted to Electronic Transfer of Eligibility Data with Aetna

- Created Considerable Disruption
- Errors Caused by Inaccuracies in Export Tables
- Exception Situations were a big Challenge
- Dependents Inadvertently Dropped Temporarily
- Challenges have now been Overcome
- Error Rate has dropped from 11% to 0.2%



Health Benefit Plans

➤ Recent Events

❑ Expansion of Networks into Previously Indemnity Areas

- Texarkana (Rental PPO - Ark-La-Tex)
- Fort Hood (MC Network)
- Fort Polk (Rental PPO - Multi-Plan) (Jan 03)
- Fort Sill (Expansion of Oklahoma City Network) (Jan 03)

❑ OCONUS MTFs

- Acceptance of Credit Cards
- Direct Billing of Sponsors
- Fee for Service Rate Structure
- Overall Rate Structure



Health Benefit Plans

Current Issues

❑ DODHBP Committee Plan & Policy Review

- New Approved Plan Features for 2003
 - Tri-Care Provision
 - Drop POS in Favor of PPO
 - Annual Dental Benefit Increase from \$1500 to \$2000
- Disapproved Plan Features
 - Coordination of Benefits for Retirees
 - Three Tier Premiums
 - Low Option Plan
 - Stand Alone Dental (Impasse)

NEW

❑ Premium Outlook for 2003

- Plan Adjustments in 2002 Helped Stabilize Costs
- Medical Cost Trend Continues to Rise
- Premium Increase of 15% Projected
- FEHBP is Already Talking about 12-18% Increase
- HMOs are Talking 15-20%



Health Benefit Plans

Premium Rates in 2003 will Increase 14.15%

	TOTAL	Employee Share (30%)	Employer Share (70%)
Single w/o Dental	\$143.93	\$43.18	\$100.75
Family w/o Dental	\$334.88	\$100.46	\$234.42
Single W/Dental	\$154.88	\$46.46	\$108.42
Family w/Dental	\$360.77	\$108.23	\$252.54



DODHBP RATE HISTORY

[Based on Family w/Dental]

	1999*	2000* *	2001***	2002	2003
EMPLOYEE	\$90.13	\$80.69	\$80.69	\$94.81	\$108.23
EMPLOYER	\$167.39	\$188.28	\$188.28	\$221.23	\$252.54
TOTAL	\$257.52	\$268.97	\$268.97	\$316.04	\$360.77
EMPLOYEE CHANGE	na	(10.5)%	(0)%	17.5%	14.15%

* Old Unicare Plan; Split = 65/35

** New DODHBP; Split = 70/30

*** No Increase in Premium Rates; Sec 125 Implemented;
Pre-Tax Savings = 15-28%, depending on Tax Bracket

Employee Cost has Increased only 20% Since 1999.

Sec 125 Has Effectively Off set Employee Costs Increase Since 1



Impact on Employing NAFI's

	2001	2002	2003
EMPLOYER COST	\$20.4M	\$24.0	\$27.4M
INCREASE OVER PRIOR YEAR	na	\$3.6M	\$3.4M

**There is no alternative source of Funding
for this Employee Benefit**



Automated Systems

➤ Recent Events

- ☐ Complete Conversion to SBC Benefits System
- ☐ Clean-Up of Creditable Service Data
- ☐ Data Interface with Fidelity Investments for Termination & Vesting Data
- ☐ Electronic Transfer of Eligibility Data with Aetna
 - Required Clean-Up of Health Insurance Data
- ☐ Fielding Web-Based Benefits System for Use by CPUs





NAF Benefits On-Line



CPU Updates Issued in October 2001, December 2001, and July 2002 to Implement & Expand System

☐ Available Transaction Events

- Hire
- Update Beneficiaries
- Update Dependents
- Update Retirement Participation
- Transfer Out
- Transfer In
- Termination
- Open Season (as needed)

☐ Events in Development

- Update Demographic Information
- 401(k) Plan
- Retirement Plan
- Medical Plans
- Life Insurance Plan

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NAF Benefits On-Line



- **Sign-On thru CPU Restricted Section of NAFBENEFITS.COM or directly into web address: <https://BenefitsOnLine.cfsc.army.mil>**
- **Enter User ID & Password**
- **Select Event & Follow the Screens**
- **You are entering data in real time into Benefits Workstation**
- **Once you move to next screen, the data is entered and the transaction completes.**
- **Always provided with a summary screen which allows changes before you finish.**
- **Required forms are provided at the end of the transaction, which you can review and print.**
- **Disposition of Forms**
 - ☐ **File in OPF**
 - ☐ **Transmit to Payroll**
 - ☐ **Except as noted on event screens, Benefits Office does not require paper copy because transaction is in the system.**



NAF Benefits On-Line

MWR Employee Benefits - Event Selection - Netscape

File Edit View Go Communicator Help



Bookmarks Location: <https://benefitsonline.cfsc.army.mil/test/event.asp>

Free AOL & Unl Instant Message WebMail Radio People Yellow Pages Download Calendar Channels



NAF Benefits On-line

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Event Selection

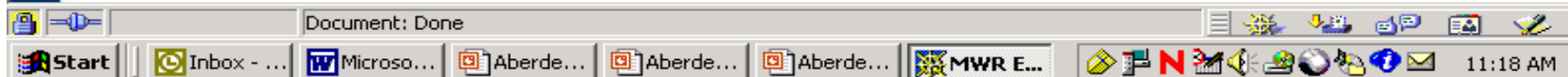


Event

Hire
Hire
Termination
Transfer In
Transfer Out
Update Beneficiaries
Update Dependents
Update Retirement Participation

SSN

me First Name MI





Army NAF Benefits Presentation


MWR Employee Benefits - Employee/Event Confirmation - Netscape

File Edit View Go Communicator Help

Back Forward Reload Home Search Netscape Print Security Shop Stop

Location: <https://benefitsonline.cfsc.army.mil/test/0SEnrollment.asp>

Free AOL & Uni Instant Message WebMail Radio People Yellow Pages Download Calendar Channels

MWR **NAF Benefits On-line** 

Employee/Event Confirmation

CAUTION

If this employee is transferring within Army, do not complete this transaction. Instead, please return to the event selection screen and complete the Transfer Out event so the employee's benefits will not be interrupted.

Welcome!

You are about to complete Termination for:

COURTNEY, RONALD R SSN#: 261-82-9103

Document: Done

Start | Inbox - ... | Microso... | Aberde... | Aberde... | Aberde... | MWR E... | 11:20 AM



NAF Benefits On-Line

➤ The Future of Benefits Administration

- ☐ All Enrollment, Cancellation and Information Entry Transactions will be done on Benefits On-Line System
- ☐ Paper Transactions Will not be Required Except
 - Documentation of Pended Transactions Outside of Open Season
 - Terminations & Death Claims
 - System will Continue to Generate Documentation for OPF & NFS
- ☐ Employees will Access their Benefits Account
 - Conduct Some Transactions
 - Receive Benefits Statement
 - Submit Service Request to Correct Data
- ☐ Employers & CPUs will Access Data & Run Reports
- ☐ System will Interface with DCPDS
- ☐ Ultimately System will Interface with NFS



NAF Benefits On-Line

- **What You Need to do to Make this Work and Make Your Work Easier and More Accurate**
 - ☐ **Start Using the System Now**
 - ☐ **Give me Feedback on any Problems You Encounter**
 - ☐ **Get your Staff Involved with the System**
 - ☐ **Share the CPU Update Instructions**
 - ☐ **Stop Submitting Manual/Paper Benefit Transactions**
- **Network Connectivity Disruption can be Reduced by Signing On Directly using:**
<https://BenefitsOnLine.cfsc.army.mil>
- **Later this Year We will Stop Accepting Manual Paper Enrollment Transactions**



Customer Service



What we can offer to you:



Direct Support to Our Customers

- **Field Assistance/Training Visits for HROs**
- **Benefit Presentations for Employees & Managers**
- **New Pre-Retirement Seminar Available Presented by EBB and Fidelity Investments**
- **Developing New CPU Desk Reference for Distribution ASAP**
- **Employee Benefits On-Line Access Coming**
- **Exploring Email Notification System**



Improved Communication with Our Customers

- **Continue Periodic CPU Updates**
- **Direct Mailings, LES Announcements, Feedback Notices, Brochures, Promotional Stuff, etc.**
- **All new SPDs (Plan Booklets) Coming**
- **Improved Email & Telephone Responsiveness**
- **Expansion/Update of Web Site - New Look**



Open Season 2002

Open Season 2002 will be a limited Open Season (Plan Selection Period) From Oct 21 thru Nov 15

❑ Employees May:

- Switch between Health Plans (HMO's - DODHBP)
- Cancel Health Plan Enrollment
- Opt In or Out of Section 125
- Enroll in or Increase Basic, Optional and Dependent Life Insurance Coverage

❑ Employees May Not:

- Enroll in a Health Plan
- Change From Single to Family Health Plan Coverage
- Add Dental

❑ Planning for Open Season

- Benefits Update for CPUs - NLT 1 Oct
- Direct Mailing to All Eligible Employees - NLT 10 Oct
- Bulk Shipment of Materials to CPUs - NLT 5 Oct
- Benefits On- Line Open Season Event Activation



A FINAL WORD



About the Most Final Transaction

Separation Due to Death

- **Employees Often Don't Provide for Their Families**
- **It's Our Fault!**
- **We Need to Help Each Other With These**
 - ❑ **Do's**
 - **Contact Us (Email) Immediately**
 - **Tell Us What Information You Need**
 - **Review and Follow Benefits On-Line Processing Instructions**
 - **Prepare and Forward Complete Paperwork as Quickly as Possible**
 - **(OCONUS Requirements)**
 - **Only Tell Family What You Know for Sure**
 - ❑ **Don't**
 - **Make Promises to Family That We Can't Keep**
 - **Provide Estimates of Benefits to Family Not Provided by EBB**
 - **Create Unrealistic Expectations of Processing Time**
 - **Tell Assignees How Much Insurance There Is**



A FINAL WORD



About the Most Final Transaction

Separation Due to Death

- **EBB is Committed to:**
 - ☐ Getting You Accurate Information Quickly
 - ☐ Processing Claims Within 48 Hours of Receipt
 - ☐ Adhering to Plan and Statutory Requirements
- **Some Things We Can't Do**
 - ☐ Process Insurance Payment Without Final Death Certificate (original w/Seal) (Cause of Death)
 - ☐ Change/Update/Designate Beneficiaries
 - ☐ Accept Waiver of Entitlement to Beneficiary
 - ☐ Provide Benefits in Excess of Entitlement
 - Actively at Work Requirement (Ins)
 - Marriage Requirement (Ret)
 - And Others
 - ☐ Forgive/Waive Obligations of Deceased or Beneficiaries



To Contact me Personally

email

Ronald.Courtney@CFSC.Army.mil

or call

(703) 681-7260
DSN 761-7260



Army NAF Benefits Presentation

U.S. Army Nonappropriated Fund Employee Benefits Program

www.NAFbenefits.com

**Call Toll Free
1-877-384-2340**